

North Carolina Department of Health and Human Services  
**Division of Budget and Analysis**  
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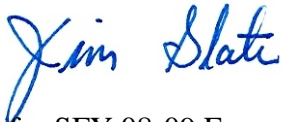
Michael F. Easley, Governor  
Dempsey Benton, Secretary

James B. Slate, Jr., Director

December 20, 2007

**MEMORANDUM 2007-15**

TO: Division Directors  
Office Directors

FROM: Jim Slate 

SUBJECT: Instructions for SFY 08-09 Expansion Budget Requests

The purpose of this memorandum is to address the expansion budget process for DHHS for the upcoming SFY 2008-09 legislative session. It is important that division management work with their budget office staff to develop well-documented and well-justified expansion requests. This is the information that the department will be using to develop its programmatic priorities and, ultimately requesting the Governor to support in his supplemental budget recommendations.

The expansion budget process provides the opportunity for the department to obtain additional general fund appropriations to carry out mission critical operations, fund critical deficiencies and to expand existing or to fund new programs. As divisions consider their expansion needs, they should evaluate the need for expansion funds for:

- Additional operating funds above those allowed in the continuation budget, including new or pilot programs;
- Proposals to change statutorily controlled programs by redirecting funds from one program to another;
- One time funding for major equipment and information technology purchases;
- Continued phase-in of new programs initiated in a previous fiscal year; and
- Funds to replace lost federal funds.

Additionally in the OSBM instructions to Departments for the completion of the SFY 08-09 Expansion Budget, specific priorities of the Governor's Office for the 2008 session have been detailed (attached). This memo has been attached for your reference.

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Agencies are encouraged to submit all reasonable requests for departmental consideration. All unfunded or partially funded items included in the second year of the Governor's Summary of Recommendations for SFY 07-08 must be submitted as a part of your package, these items should be noted as such. The final expansion requests for DHHS will be determined by the Secretary in consultation with the executive management team.

As has been the practice in previous years, agencies should submit their expansion budget requests by using the Worksheet II form that has been developed by OSBM. An electronic version of the Worksheet II is included as the first tab in the attached workbook. Detailed instructions for completing the Worksheet II are also included in the attached Memo from OSBM.

Please note with the completion of the attached Worksheet II forms:

- 1) All cells designated for data entry into this form have been shaded in yellow.**
- 2) A separate workbook file must be submitted for each expansion item.**

As staff prepare each Worksheet II, please note that the spreadsheet has been designed to calculate subtotals and totals for requested amounts as entered by account on the 2<sup>nd</sup> page of this form (Item #10). We have included a standard number of rows for these entries. If you have a need to insert lines for additional account detail, you may need to update the formulas to ensure that all entries are being captured into the subtotals and totals below. Also note that for Item #10 you are required to include projected incremental costs for SFYs 2009-10 through 2012-13 as they relate to the continuation of each SFY 08-09 expansion request. Also note that if you indicate on Item # 21 that additional statutory changes or special provisions will be required to implement an expansion request. Please be sure to attach a copy of the draft legislation.

When the "Worksheet II" form is completed, most of the information that you have entered will automatically populate cells on the second worksheet on the tab labeled "Abbreviated Summary". This document will present an abbreviated presentation of your agency's requests and will be used as a management briefing tool. Because there will be some variability in the length of the narrative sections of each request, these abbreviated forms will be finalized by the analysts in this Division after submission. The narrative information from your Worksheet II submission will be copied and sized to fit the abbreviated form. **In summary, you do not need to enter any information or make any modification to the abbreviated form.**

When you have finalized each of your Worksheet II requests, you will also need to summarize these requests on a single "Worksheet II Expansion Requests Summary", which has also been attached. This OSBM developed form (previously called the Attachment I) includes only title and summary level financial information for each request. This form also totals all requests by Division. Once again, you may need to insert lines for requests in excess of the standard lines provided. Please be sure that the summary calculation is accurately capturing all requested funding.

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If you have questions about how to complete this document, how to prepare a sound expansion budget package, or need assistance in this process, please contact your analyst in Budget & Analysis. **Please remit electronic copies of your expansion request to your B&A analyst no later than Monday, January 28, 2008.**

Thank you.

JBSjr:RK:gg

Attachments

Dempsey Benton  
Dan Stewart  
Jackie Sheppard  
Sharnese Ransome  
Division Budget Officers  
Analysts, Division of Budget and Analysis